



# Taking Care of Your Credit



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### Credit Cleaning Tips

Review your credit report line-by-line, specifically search for errors, omissions, duplications, and "common name" errors.

If you encounter errors, write out exactly what should be corrected and why.

You are able to add 100 words or less to your reports on questioned items.

You can find assistance through credit counselors which are available through the various credit bureaus.

Federal law requires credit bureaus to contact all creditors on items where mistakes were made. According to the Fair Credit Reporting Act of 1971, if these firms fail to respond to you in writing within 30 days, they are obligated to remove the disputed items from your records.

Most merchants are willing to negotiate customized repayment plans for those that find themselves with considerable debt.

Chapter 13 bankruptcies stay on an individual's record for seven years. Chapter 7 bankruptcies stay on an individual's record for seven years.

### Judgments, Garnishments, or Liens

Liens, garnishments, etc., typically are indicators of an unstable borrower. Any judgments, garnishments, or liens must be paid in full. Prior to closing, proof that the judgment, garnishment or lien has been cleared must be obtained; this can be reflected through a clear credit report supplement or a paid receipt form from the creditor. I

IRS tax liens also must be paid in full. Standard property tax liens do not have to be recorded as paid in full since they are not yet due or payable. Also, the borrower is obligated to provide a satisfactory letter of explanation.

### Delinquent Child Support

Child support payments must be brought current, and specific documentation from the credit reporting agency evidencing this fact must be in the file with NO EXCEPTIONS! Because of the seriousness of the delinquency/default, which in many states can cause incarceration, a letter from the court or the legal authority responsible for collection in the city/state (e.g. district attorney, sheriff, etc.) is acceptable. A letter from an ex-spouse and copies of personal checks are not acceptable, nor is an agreed upon, but not yet completed, payment plan.



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